

MONTHLY REVENUE REPORT

April 2006

The revenue generated from Michigan's major General Fund and School Aid Fund earmarked taxes totaled \$1.7 billion in April, which was up 6.5% from last year's level. While tax collections posted a strong gain in April, this increase was not well distributed among the major taxes. Most of April's revenue gain occurred due to significant increases in income and single business tax collections, while much more modest increases were posted by the real estate transfer, severance, and casino taxes. These gains in revenue were, however, offset in part by declines in the sales, use, tobacco, insurance, and State education property tax collections.

While fiscal year-to-date collections are up for some taxes, other taxes are lagging behind their estimates. As a result, overall collections from these major taxes are up slightly from the current consensus estimates. So far in FY 2005-06, the revenue from these major taxes is up 1.0% from last year's level. Based on the January 2006 consensus revenue estimates, the revenue from these major taxes is expected to increase 1.1% in FY 2005-06. These revenue estimates will be re-evaluated at the May 17, 2006, Consensus Revenue Estimating Conference.

Net income tax revenue (gross collections less refunds) totaled \$719.1 million in April, which was up a strong 14.0% from last year's level. Income tax withheld from workers' paychecks increased 2.5% in April, which followed a 3.7% increase in March. Quarterly income tax payments increased 11.4%, which marked the fourth time in the past six months that quarterly income tax payments have grown by more than 10.0%. Income tax annual payments increased 10.9% in April, which topped last year's level by \$44.0 million. Much of the increase in quarterly and annual payments reflects growth in the stock market during 2005 and so far in 2006. In addition to these increases in gross income tax collections, the amount of income tax payments refunded to taxpayers declined 5.3% in April, which also helped boost the net level of income tax collections. On a fiscal year-to-date basis, net income tax collections are up 4.2% from last year's level, which is well ahead of the 1.0% increase expected during FY 2005-06.

Sales tax collections totaled \$469.8 million in April, representing a decline of 1.7% from the year-ago level. This decline basically offset the 1.7% increase posted in March. Sales tax collections from motor vehicle transactions continued to be a drag on overall sales tax collections, as they dropped below last year's level by 15.3%. This marked the 24th time in the past 25 months that motor vehicle sales tax collections dropped below their year-ago level. Sales tax collections from all other taxable retail sales were up only 0.7% in April. So far in FY 2005-06, sales tax collections are unchanged from last year's level, which is well below the 3.0% growth estimated for FY 2005-06.

Use tax collections totaled \$105.5 million in April, which was down 0.4% from last year's level. This marks the fifth time in the past six months that use tax collections have fallen below the previous year's level. On a fiscal year-to-date basis, use tax collections are down 1.9%, which is running well below the 2.9% growth forecast for FY 2005-06.

Single business tax collections totaled \$234.8 million in April, which topped last year's level by 12.8%. This increase marks the ninth time in the past year that monthly single business tax collections have topped the year-earlier level. Single business tax cash collections are up 6.2% so far in FY 2005-06.

The table on the back of this report identifies the major taxes included in this report, and provides their respective revenue levels and growth rates for April 2006, along with their fiscal year-to-date collections and growth rates. Also presented are the current consensus revenue estimates for FY 2005-06.



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MICHIGAN REVENUE UPDATE
APRIL 2006
(dollars in millions)

Type of Revenue	April Collections		FY 2005-06 to Date ²⁾		FY 2005-06 Estimate ³⁾	
	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From FY 2004-05
Gross Income Tax	\$1,088.8	6.6%	\$4,231.0	3.2%	\$7,866.7	1.9%
Refunds	(369.7)	(5.3)	(1,347.1)	1.2	(\$1,696.0)	5.3
Net Income Tax	\$719.1	14.0%	\$2,883.9	4.2%	\$6,170.7	1.0%
Sales Tax	469.8	(1.7)	3,189.7	0.0	6,799.8	3.0
Motor Vehicles	60.2	(15.3)	321.5	(12.7)	---	---
All Other Sales Tax	409.6	0.7	2,868.2	1.7	---	---
Use Tax	105.5	(0.4)	662.7	(1.9)	1,442.3	2.9
Tobacco Taxes	94.2	(2.9)	561.3	0.5	1,161.5	(1.6)
Single Business Tax	234.8	12.8	877.1	6.2	1,817.9	(5.0)
Insurance Tax	16.3	(23.5)	114.2	(7.1)	255.0	2.2
State Education Property Tax	20.3	(9.8)	403.4	(3.9)	2,010.0	5.0
Real Estate Transfer Tax	27.2	44.7	156.7	7.8	310.0	(1.1)
Estate/Inheritance Tax	0.1	(96.0)	0.1	(99.4)	5.0	(95.1)
Casino Wagering Tax ⁴⁾	12.8	1.6	78.0	7.7	149.4	2.5
Oil & Gas Severance Tax	5.0	38.9	49.4	54.4	84.0	25.9
Total	\$1,705.1	6.5%	\$8,976.5	1.0%	\$20,205.6	1.1%
Addendum:						
Gross Lottery Sales ⁴⁾	\$177.9	(16.8)%	\$1,342.3	8.8%	\$2,150.0	5.1%
Net to School Aid Fund ⁴⁾	\$ 59.1	(5.8)%	\$ 427.0	11.7%	\$ 685.0	2.6%

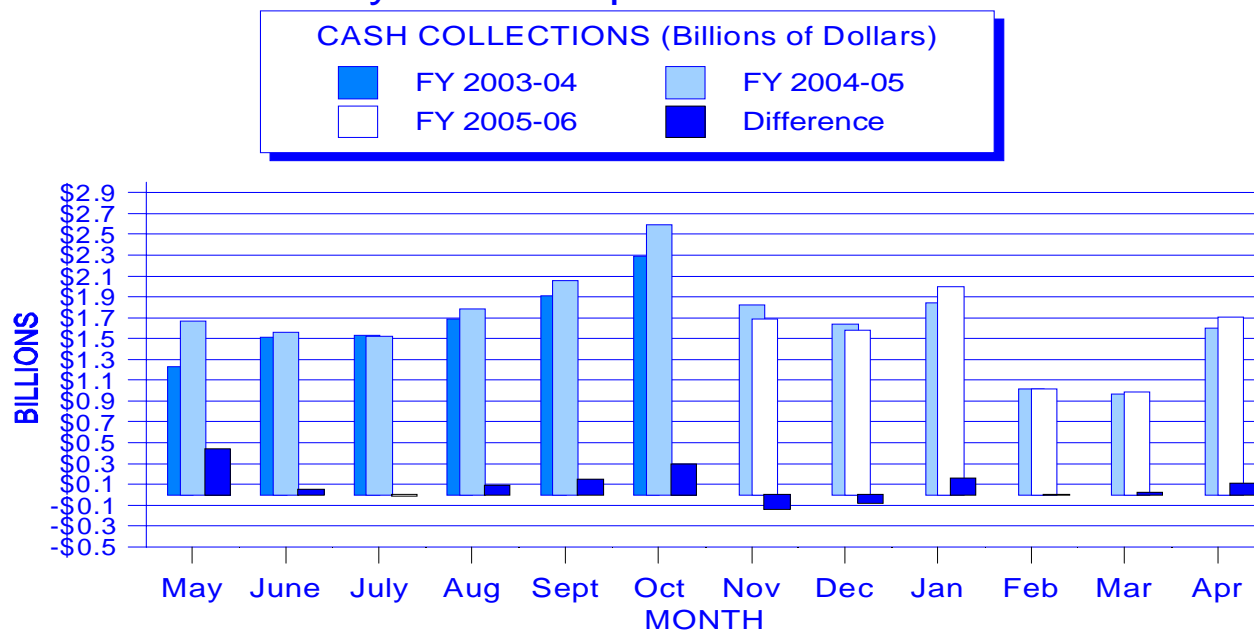
1) Total collections are unadjusted cash collections unless otherwise noted.

2) FY 2005-06 year-to-date collections begin with November 2005 collections to reflect accrual accounting.

3) Consensus revenue estimates adopted at the January 12, 2006, Consensus Revenue Estimating Conference.

4) Lottery and casino revenue is not accrued, so FY 2005-06 collections will include October 2005 to September 2006.

Actual Revenue Collections for Major State Taxes*
May 2004 to April 2006



*Comparison of actual collections. Major taxes include the net income (gross collections less refunds), sales, use, tobacco (cigarette tax and other tobacco products tax), SBT, insurance retaliatory, estate, oil and gas severance, State education property, real estate transfer, and casino wagering taxes.